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Comments on the Renewable Portfolio Standard

May 12, 2005

Ms. Michelle R. Mishoe
Senior Policy Advisor
Illinois Commerce Commission
160 N. LaSalle C-800
Chicago, IL. 60601

Dear Ms. Mishoe:

First, the Illinois Commerce Commission (ICC or Commission), you, and Mr. Harry Stoller should be complimented on the way you have acted in this matter. Please accept the following SenreQ comments, questions, and suggestions concerning the Renewable Portfolio Standard (RPS). (As you may recall, as a new and innovative Illinois based waste to energy producer, SenreQ is a key stakeholder in this process.)

To date, the draft Working Group Reports have tended to be more a summary of oral presentations and questions and a bit short on a Staff "straw man" summarizing potential policy to be presented to the Commission. The draft Reports have been similarly short on summarizing any written testimony, comments, or questions.

So, our first Comment would be that the Final Working Group Report scheduled for May 16, 2005 include some indication of what Staff will include in the scheduled June 7, 2005 Report to the Commission outlining the Implementation Plan and Commission Options. This would, obviously, facilitate free and open debate and comments.

As you think about the Implementation Plan and Commission Options, we respectfully recommend you include the following provisions in the RPS:

- Installed MegaWatts (MW) must be the metric as opposed to Megawatt-Hours (MW-Hr) actually generated.
 - MWs will be much, much easier for the Commission to monitor.
 - MWs will tend to favor Wind Generation, which seems to be in accordance with the Governor's wishes
 - MW-Hrs would then be still available to sell into the Renewable Energy Credit (REC) market bringing much needed revenue, etc. into our State.
- Generation must be installed in our State to qualify for our RPS
 - "Iron in the ground" in Illinois will serve as an economic development engine, etc.
 - Again, RECs could still be sold into other State thereby bringing taxable revenue into Illinois.
 - Generation in Illinois will help to improve Electric reliability in Illinois.
- Clearly define: Wind, Direct-Waste-to-Energy, Landfill Gas, Tires, Agriculture Waste, Solar, and BioMass as qualifying RPF Sources.
 - Ambiguity leads to uncertainty and uncertainty leads to developer inaction.

- Provide a clear statement of annual RPS percentage goals going as far into the future as possible but let the free and Open Market decide the mix of RPS sources.
 - As we heard, reaching the goals initially contemplated for Wind will probably be simply impossible do to manufacturing and erection lead times, lack of Materials and Equipment, inadequate sites, etc.
 - Mandating that a minimum of 75% of Illinois' RPS be Wind, especially given uncertainties in Federal Production Tax Credits, may unnecessarily increase the cost of the RPS to Illinois Ratepayers.
- Identify a clear monetary, annual penalty that CANNOT be passed onto the Ratepayers that must be met by all Load Serving Entities if RPS goals are not met.
 - Load serving Entities should include incumbent Utilities, Alternate Retail Electric Suppliers, etc.
 - As we heard from Evolution Markets, an appropriate penalty helps to set an appropriate REC market value.
 - As we heard, an "all-in" cost for Wind Generation maybe between \$ 3500 to 5000 per KiloWatt. Perhaps the penalty should be 10% above the lower cost?

Please let us know if you have any questions concerning our comments and we would be happy to explain or amplify as needed. Thank you for this opportunity to be a continuing part of this process.

Sincerely,

Joseph N. Darguzas

CC: Mr. Harry Stoller
Mr. Myron Brick
Mr. George Olsen, Esq.